

VZCZCXYZ0001
PP RUEHWEB

DE RUEHGBA #1028 0841301
ZNR UUUUU ZZH ZUI RUEWMCF4849 0841246
P 251301Z MAR 07
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC0000
INFO ARAB ISRAELI COLLECTIVE

UNCLAS BAGHDAD 001028

SIPDIS

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: ECON EAGR I2

SUBJECT: PRT TIKRIT: BAYJI LOCAL LEADERS SPEAK OUT: NEW BUDGET EXECUTION REGULATIONS CRUCIAL

REF: A) 06 BAGHDAD 4728 B) BAGHDAD 380

¶1. THIS IS A PRT TIKRIT, SALAH AD DIN CABLE.

¶2. SENSITIVE BUT UNCLASSIFIED, ENTIRE TEXT.

¶3. SUMMARY AND COMMENT. BAYJI COMMUNITY LEADERS STRONGLY WELCOMED THE PROSPECT OF NEW PROCUREMENT AND CONTRACTING REGULATIONS IN 2007, WHICH ARE EXPECTED TO BE PUBLISHED BY THE MINISTRY OF PLANNING AND DEVELOPMENT COORDINATION (MOPDC). DURING THE CITY COUNCIL MEETING HELD ON MARCH 19, COMMUNITY CHIEFS (COUNCIL MEMBERS AND INFLUENTIAL AREA SHEIKHS) EMBRACED THE POSSIBILITY OF A MORE TRANSPARENT AND ACCOUNTABLE CONTRACTING PROCESS FOR RECONSTRUCTION PROJECTS. BAYJI EPITOMIZES MANY OF IRAQ'S MOST SALIENT PROBLEMS: IT IS HOME TO A THRIVING FUEL SMUGGLING INDUSTRY AND A SIGNIFICANT AIF AND AQIZ PRESENCE, IT SUFFERS FROM A MORIBUND ECONOMY FURTHER WEAKENED BY DE-BAATHIFICATION, AND LITTLE TO NO COMMUNICATION BETWEEN LOCAL AUTHORITIES AND THE PROVINCIAL GOVERNMENT AND THE GOI. IN ADDITION, DUE TO A BOYCOTT OF THE JANUARY 2005 ELECTION, BAYJI IS UNDERREPRESENTED ON THE PROVINCIAL COUNCIL. HOWEVER, THE SITUATION HERE MAY NOT BE UNIQUE. THE LACK OF A TRANSPARENT PROVINCIAL BUDGET EXECUTION PROCESS IN 2006 NOT ONLY NEGATIVELY AFFECTED PROVINCIAL GOVERNANCE, BUT ALSO UNDERMINED LOCAL LEADERSHIP IN THEIR DIFFICULT STRUGGLE TO ESTABLISH THE MUNICIPAL GOVERNMENT'S LEGITIMACY IN THE EYES OF THE POPULATION. AN IMPORTANT KEY TO BUILDING LOCAL GOVERNANCE CAPACITY IN 2007 WILL BE THE SUCCESSFUL IMPLEMENTATION OF THE REFORMS MANDATED BY PENDING PROCUREMENT AND CONTRACTING REGULATIONS AS STIPULATED BY THE 2007 BUDGET LAW. END SUMMARY AND COMMENT.

A LONG 22 MILES IN A DECENTRALIZED PROVINCE

¶4. BAYJI IS LOCATED ONLY 22 MILES NORTH OF TIKRIT, THE PROVINCIAL CAPITAL, BUT IT MAY BE 1000 MILES IN TERMS OF PROVINCIAL POLITICS. THE VAST MAJORITY OF THE LOCAL POPULATION BOYCOTTED THE JANUARY 2005 ELECTION, LEAVING AN UNEVEN DISTRIBUTION OF REPRESENTATIVES ON THE PROVINCIAL COUNCIL. FOR EXAMPLE, THE CITY OF TUZ, A KURDISH AND TURCOMAN ENCLAVE IN THE NORTHEAST CORNER OF THE PROVINCE HAS 15 REPRESENTATIVES OUT OF 41 ON THE PROVINCIAL COUNCIL, DESPITE COMPRISING APPROXIMATELY 13 PERCENT OF THE TOTAL POPULATION. SIMILARLY, ALTHOUGH TIKRIT COUNTS 11 DELEGATES, ITS POPULATION IS ONLY 14 PERCENT OF THE PROVINCIAL TOTAL. CONVERSELY, BAYJI IS REPRESENTED BY ONLY ONE MEMBER (WHO FREQUENTLY DOES NOT ATTEND), ALTHOUGH IT IS HAS A LARGER POPULATION (14 PERCENT) THAN TUZ. HAMAD HAMOUD AL SHAKTI, THE PROVINCIAL GOVERNOR, HAILS FROM BAYJI BUT IS LARGELY INACTIVE IN THE PROVINCIAL BUDGET EXECUTION PROCESS. WHILE THE LIST OF PROJECTS SUBMITTED TO THE PROVINCIAL COUNCIL IN 2006 WAS RELATIVELY WELL DISTRIBUTED IN 2006, IN PRACTICE THE

PERCENTAGE OF APPROVED PROJECTS HIGHLY FAVORED DISTRICTS WITH GREATER REPRESENTATION:

--TIKRIT, 13% OF POPULATION, 33% OF APPROVED PROJECTS.
--TUZ, 13% OF POPULATION, 22% OF APPROVED PROJECTS.
--SAMARRA, 16% OF POPULATION, 3% OF APPROVED PROJECTS.
--BAYJI, 12% OF POPULATION, 7% OF APPROVED PROJECTS.
--AD DAWR, 4% OF POPULATION, 2% OF APPROVED PROJECTS.
--BALAD, 17% OF POPULATION, 15% OF APPROVED PROJECTS.

¶15. UNLIKE MANY PROVINCES IN IRAQ, SALAH AD DIN IS NOT DOMINATED BY ONE KEY CITY, SUCH AS MOSUL OR KIRKUK. THERE ARE THREE MAJOR POPULATION CENTERS) TIKRIT, SAMARRA, AND BALAD) AS WELL AS MULTIPLE SMALLER COMMUNITIES SUCH AS BAYJI, ASH SHARQAT AND TUZ. IN ORDER TO ACHIEVE A MAJORITY ON THE PROVINCIAL COUNCIL, AGREEMENT MUST BE REACHED WHICH SPANS A SIGNIFICANT GEOGRAPHICAL, TRIBAL, AND ETHNIC GAP. COMMUNICATION BETWEEN DIFFERENT PROVINCIAL FACTIONS WOULD BE DIFFICULT EVEN WITHOUT THE EXISTING ANIMOSITY, CONSIDERING THAT REPRESENTATIVES FROM DISTANT LOCALES MUST BRAVE A PERILOUS JOURNEY ON DANGEROUS HIGHWAYS, AND THE SPOTTY CONDITION OF IRAQ'S COMMUNICATION INFRASTRUCTURE. AS A RESULT, EVEN REACHING A QUORUM IN PROVINCIAL COUNCIL MEETINGS CAN BE A SIGNIFICANT CHALLENGE (REFTEL B). THE GEOGRAPHIC AND DEMOGRAPHIC DIVERSITY OF SAD ADD TO THE CHALLENGE BAYJI FACES IN RECEIVING ITS SHARE OF PROJECTS.

PROJECT IMPLEMENTATION LAGGING

¶16. ON MARCH 19, THE BAYJI CITY COUNCIL MET AT THE OIL REFINERY. REPRESENTING THE TRUE SITUATION ON THE GROUND IN BAYJI, ONLY SIX (OF 22 TOTAL) COUNCIL MEMBERS WERE PRESENT WHILE TWELVE INFLUENTIAL AREA SHEIKHS SHOWED. DISCUSSION

QUICKLY TURNED TO THE ISSUE OF PROJECT NOMINATIONS FOR 2007. ON THE LIST COMPILED BY THE CITY PLANNERS (LOCAL REPRESENTATIVES OF THE FEDERAL MINISTRIES) MANY OF THE LISTED PROJECTS WERE FAMILIAR; SOME WERE APPROVED IN 2006 BUT WORK WAS NOT BEGUN, OTHERS COMMENCED BUT CEASED SHORTLY THEREAFTER. (NOTE: MUNICIPAL GOVERNMENTS DO NOT HAVE THE POWER TO APPROPRIATE FUNDS FOR CAPITAL PROJECTS. HOWEVER, LOCAL APPROVAL OF PROJECT LISTS IS AN IMPORTANT) ALBEIT) INFORMAL - STEP PRIOR TO THEIR SUBMISSION TO THE PROVINCIAL RECONSTRUCTION AND DEVELOPMENT COUNCIL, WHICH SERVES THE ROLE OF A PLANNING COMMITTEE BEFORE FINAL APPROVAL BY THE PROVINCIAL COUNCIL, REFTEL. END NOTE.)

COUNCIL MEMBERS STEP TO THE PLATE

¶17. LOCAL POWER PLAYERS IN BAYJI - FORMAL AND INFORMAL) HAVE LONG VIEWED THE CITY COUNCIL MEETINGS AS AN OPPORTUNITY TO AIR GRIEVANCES WITH THE CF COMMANDER ON THE GROUND INSTEAD OF AS A LOCAL GOVERNMENT FUNCTION; ADDITIONALLY, MEETINGS WERE OFTEN LED BY THE CIVIL AFFAIRS TEAM ON THE GROUND. HOWEVER, DURING THE MEETING, CITY COUNCIL MEMBERS TOOK A SMALL STEP TOWARDS THE ESTABLISHMENT OF MORE EFFECTIVE LOCAL GOVERNANCE. ARGUING THAT THE COUNCIL HAD A RESPONSIBILITY TO APPROVE PROJECTS WHICH WERE PRACTICAL AS WELL AS BENEFICIAL, SEVERAL COUNCIL MEMBERS EMPHASIZED THAT SMALLER WORKS) FOR TECHNICAL AND SECURITY REASONS - HAD A GREATER CHANCE OF COMING TO FRUITION. ATTENDEES ALSO STRESSED THE IMPORTANCE OF CHOOSING INFRASTRUCTURE PROJECTS WHICH COULD BE COMPLETED IN A TIMELY FASHION, NOTING THE DEEP PUBLIC DISENCHANTMENT WITH ALL LEVELS OF GOVERNANCE - GOI, PROVINCIAL, AND LOCAL - IN THE HEART OF THIS SUNNI PROVINCE.

CONTRACTING CHALLENGES HIGHLIGHTED

¶18. DELEGATES VOICED THEIR FRUSTRATION DURING THE MEETING WITH AN INVISIBLE PROVINCIAL CONTRACTING PROCESS, DESCRIBING THE PREVIOUS METHOD OF PROVINCIAL PROJECT CONTRACTING) OFTEN PERFORMED IN A BACK ROOM IN TIKRIT BY POWER PLAYERS FROM AL

ALEM (REFTEL A)) AS UNFAIR AND DYSFUNCTIONAL. ACCORDING TO THE ATTENDEES, SOME PROJECTS WERE NEVER STARTED, WHILE IN OTHER CASES, CONTRACTORS DISAPPEARED (POSSIBLY FOR SECURITY REASONS) SHORTLY AFTER BEING PAID. HIGHLIGHTING THE DIFFICULTIES INVOLVED, COUNCIL MEMBERS CITED AN IMPORTANT SEWAGE PROJECT (FROM 2006) FOR WHICH A QUALIFIED CONTRACTOR COULD NOT BE FOUND. YET THE PROJECT CONTINUED TO BE APPROVED AND FUNDING RESERVED WHICH COULD HAVE BEEN USED ON AN ALTERNATIVE PROJECT. IN THESE CASES, LOCAL LEADERSHIP WAS NOT ABLE TO VIEW THE SELECTION OF A CONTRACTOR OR ADEQUATELY MONITOR PROJECT IMPLEMENTATION PROGRESS (OR LACK THEREOF).

PROSPECT OF NEW REGULATIONS WARMLY RECEIVED

18. DEMONSTRATIVE OF THE WEAK COMMUNICATION CHANNELS BETWEEN ALL LEVELS OF GOVERNMENT IN IRAQ, NONE OF THE CITY COUNCIL MEMBERS HAD ANY IDEA THAT NEW REGULATIONS GOVERNING PROVINCIAL BUDGET EXECUTION EVEN EXISTED. AFTER A BRIEF, INFORMAL PRESENTATION BY IPOAO REGARDING THE NEW 2007 BUDGET EXECUTION REGULATIONS, THE CITY COUNCIL MEMBERS WERE EXTREMELY SUPPORTIVE OF THE PROPOSED CHANGES, ARGUING THAT A REVISED SYSTEM WHICH PROVIDES LOCAL COUNCILS WITH A MEANS TO VERIFY AND TRACK THE PROJECT CONTRACTING AND IMPLEMENTATION PROCESS WOULD BE A SIGNIFICANT STEP FORWARD. AS ONE COUNCIL MEMBER STATED, &WE HAVE TO KNOW WHAT THOSE THIEVES IN TIKRIT ARE UP TO. OTHERWISE THEY WILL GIVE ALL THE CONTRACTS TO THEIR BROTHERS.8 (NOTE: THE TUZ CITY COUNCIL RESPONDED IN A VERY SIMILAR FASHION IN FEBRUARY WHEN BRIEFED ON THE ANTICIPATED 2007 BUDGET EXECUTION REGULATIONS BY A PRT REPRESENTATIVE. END NOTE.)

COMMENT

19. COMMENT: SALAH AD DIN IS WORKING TO ESTABLISH A KEY FOUNDATION OF LOCAL GOVERNANCE CREDIBILITY: AN EFFECTIVE, TRANSPARENT PROVINCIAL BUDGET EXECUTION PROCESS. ALTHOUGH THE PROVINCIAL COUNCIL HAS RECENTLY MADE POSITIVE STEPS RECENTLY TOWARDS ITS ESTABLISHMENT, SIGNIFICANT HURDLES REMAIN. REFORMS IN THE PROVINCIAL COUNCIL BUILDING IN TIKRIT - THOUGH IMPORTANT) ULTIMATELY MATTER LITTLE IF CITIZENS ON THE STREET IN BAYJI DO NOT SEE PROJECTS ACTUALLY CONSTRUCTED. AN IMPORTANT STEP TOWARDS ACHIEVING GREATER PUBLIC LEGITIMACY FOR MUNICIPAL GOVERNMENTS IN 2007 WILL BE THE ABILITY TO INFLUENCE AND MONITOR - THROUGH GREATER INFLUENCE

IN THE PRDC AND AN OPEN BIDDING PROCESS - THE SELECTION, CONTRACTING, AND IMPLEMENTATION OF CRITICAL INFRASTRUCTURE PROJECTS IN THEIR COMMUNITY. ADDITIONALLY, THE ABILITY OF THE DIRECTOR GENERALS (AND THE CITY PLANNERS WHO WORK FOR THEM) TO MONITOR PROJECT EXECUTION ENSURES PROFESSIONAL, LARGEY APOLITICAL OVERSIGHT.

110. AS BAYJI MOVES TOWARD MORE EFFECTIVE LOCAL GOVERNANCE, THERE WILL CONTINUE TO BE TRIALS. MUNICIPAL GOVERNMENTS DO NOT HAVE THE POWER OF THE PURSE (ULTIMATELY LIMITING THEIR INFLUENCE), AND THE SECURITY SITUATION CONTINUES TO CONSIDERABLY IMPEDE RECONSTRUCTION EFFORTS. MOREOVER, AT LEAST UNTIL NEW ELECTIONS ARE HELD, BAYJI WILL CONTINUE TO BE UNDER REPRESENTED ON THE PRDC AND THE PROVINCIAL COUNCIL. SUSTAINED EFFORT BY THE PRT AND LOCAL CF WILL PROBABLY BE VITAL TO ENCOURAGE GREATER INVOLVEMENT AND VISIBILITY ON THE PART OF LOCAL GOVERNMENTS IN THE PROVINCIAL DECISION-MAKING PROCESS. MOST IMPORTANTLY) DESPITE THE TEMPTATION THAT MAY EXIST IN SOME QUARTERS TO ELIMINATE THEM IN THE NAME OF PROVINCIAL AUTONOMY - THE PROCUREMENT AND CONTRACTING REGULATIONS TO BE PUBLISHED BY THE MINISTRY OF PLANNING AND DEVELOPMENT COORDINATION (MOPDC) PROVIDE THE NECESSARY LEGAL FRAMEWORK FOR ENSURE THE EXECUTION OF THIS VITAL REFORM. END COMMENT.

111. PRT SALAH AD DIN WILL CONTINUE TO STRONGLY ENCOURAGE LOCAL PARTICIPATION IN THE PROVINCIAL GOVERNMENT BUDGET EXECUTION PROCESS IN 2007.

**¶12. FOR ADDITIONAL REPORTING FROM PRT TIKRIT, SALAH AD DIN,
PLEASE SEE OUR SIPRNET REPORTING BLOG:
HTTP://WWW.INTELINK.SGOV.WIKI/TIKRIT.**

KHALILZAD